

GIVENS PURSLEY LLP

LAW OFFICES

277 North 6th Street, Suite 200
PO Box 2720, Boise, Idaho 83701
TELEPHONE: 208 388-1200
FACSIMILE: 208 388-1300
WEBSITE: www.givenspursley.com

Direct Dial: (208) 388-1219
E-Mail: cew@givenspursley.com

Gary G. Allen
Christopher J. Beeson
Jessica M. Borup
William C. Cole
Michael C. Creamer
Emily MacMaster Durkee
Thomas E. Dvorak
Roy Lewis Eiguren
Timothy P. Fearnside
Jeffrey C. Fereday
Steven J. Hippler
Karl T. Klein
Debora K. Kristensen
Anne C. Kunkel
Deborah E. Nelson

Franklin G. Lee
David R. Lombardi
D. David Lorello, Jr.
Kimberly D. Maloney
John M. Marshall
Kenneth R. McClure
Kelly Greene McConnell
Cynthia A. Melillo
Christopher H. Meyer
Kendall L. Miller
L. Edward Miller
Patrick J. Miller
Judson B. Montgomery
Angela K. Nelson
W. Hugh O'Riordan

Michael C. Orr
Kenneth L. Pursley
Bradley V. Sneed
H. Barton Thomas
Conley E. Ward
Robert B. White

Raymond D. Givens
James A. McClure
Stephanie C. Westermeier
OF COUNSEL

John A. Miller, LL.M. *
TAX CONSULTANT

*Licensed in Kentucky only

ORIGINAL



0000059665

May 28, 2003

VIA FEDERAL EXPRESS

Docket Control Center
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007-2927

Arizona Corporation Commission
DOCKETED

MAY 29 2003

DOCKETED BY	<i>CR</i>
-------------	-----------

**AZ CORP COMMISSION
DOCUMENT CONTROL**

2003 MAY 29 A 11:24

RECEIVED

Re: Docket No. T-01051B-02-0535 et. al
Our File: 1614-67

Dear Sir or Madam:

I am enclosing for filing, an original and 13 copies of Midvale's Responses to Staff's Revised First Set of Data Requests.

I am enclosing a self-addressed stamped envelope and a copy of Midvale's Responses. Please date stamp the copy and return it to me to acknowledge receipt.

Sincerely,

Tina N. Smith
Assistant to Conley Ward

Enclosures

S:\CLIENTS\1614\67\Tina to ACC re Midvale responses.DOC

ORIGINAL

Conley E. Ward Idaho State Bar ID#1683 Arizona Corporation Commission

GIVENS PURSLEY LLP

277 North 6th Street, Suite 200

P.O. Box 2720

Boise, Idaho 83701

(208) 388-1200

(208) 388-1300 (fax)

email: cew@givenspursley.com

S:\MACS\CEW\MIDVALE\Customer Complaints\data responses to Staff.doc

DOCKETED

MAY 29 2003

DOCKETED BY	
-------------	--

RECEIVED

2003 MAY 29 A 11: 24

AZ CORP COMMISSION
DOCUMENT CONTROL

ATTORNEYS FOR APPLICANTS

BEFORE THE ARIZONA CORPORATION COMMISSION

TROY & TRACY DENTON et. al)	DOCKET NO. T-01051B-02-0535 et. al
)	MIDVALE'S RESPONSES TO STAFF'S
vs.)	REVISED FIRST SET OF DATA
)	REQUESTS
QWEST CORPORATION)	
)	

Midvale Telephone Exchange, Inc. ("Midvale") hereby responds to the Commission Staff's revised first set of data requests in the above entitled matter. All responses were prepared by Karen Williams.

RLB 1-1 What is the total cost for plant additions that would be required to provide local exchange service to each of the Complainants in this proceeding?

Please provide cost detail by plant type (descriptive name) and quantity which supports the Company's estimate and any assumptions that were used to develop the estimate.

Response to RLB 1-1: Midvale has not computed costs for each complainant at this point. That computation would require detailed engineering of the service area, including determining exactly where the microwave tower would be located, and where each carrier remote would be positioned relative to each specific complainant.

Midvale does have available costs to build the entire Poquito Valley – Antelope Meadows service area and they are provided as part of its CC&N filing with the commission. Those cost estimates are based on the assumption that Midvale would serve the entire area and might need to be revised should the Commission choose to approve only a part of Midvale’s CC&N extension request. Currently, Midvale estimates that the costs to get to the area and be positioned to offer everyone service will include the following:

Microwave system upgrade	\$129,750
Central Office Equipment upgrade	<u>35,872</u>
Subtotal	\$165,622

Once service is established to the area, Midvale then projects building 37.18 miles of cable plant to serve the entire area, with two carrier remotes to keep loop lengths within limits specified for digital services (e.g., DSL). The total costs for the local construction are thus estimated at:

Cable Plant (37.18 miles)	\$438,497
Carrier equipment	<u>60,000</u>
Subtotal	\$498,497

Midvale estimates that, given this level of build-out and based on our current estimate of 100 potential customers for the entire service area, the per customer cost of establishing service would be \$4,984.97 for the local service costs only. The total investment, using the information available today, is estimated to be \$664,119, or \$6,641.19 for each customer in the Poquito Valley – Antelope Meadows service area (as specified in Midvale’s CC&N application).

RLB 1-2 For each complainant, what is the estimated line extension/construction charge that would be applicable and payable to the Company? Please provide cost detail by plant type (descriptive name) and quantity which supports the Company's estimate and any assumptions that were used to develop the estimate.

Response to RLB 1-2: Midvale assumes that it will finance the construction to this area using RUS loan funds. Should that be the case, then Midvale would be precluded from charging the customers for any line-extension charges at the initial time of turning on the area. Should Midvale opt to use alternate funding (e.g., RTFC, Co-Bank, private lender), Midvale would have the option of charging a line extension charge. The estimates to build to the area come to approximately \$664,119, to serve 100 customers – or a per subscriber cost of \$6,641. Assuming Midvale financed 80% of the cost of construction, that means it would consider charging customers for the remaining 20%, or \$1,328 per customer.

RLB 1-3 What zone (if zone charges are applicable) would the complainants properties be placed in?

Response to RLB 1-3: Midvale does not use zone charges.

RLB 1-4 What would the charges be to the complainants for the following retail services given the company's response to Staff 1.3:

Response to RLB 1-4: Midvale expects to use the rates currently listed in its tariff.

Residential Line (first line)	\$24.00
Residential Line (second line)	\$24.00
Business Line (first line)	\$30.00
Business Line (second line)	\$30.00
Caller ID (number)	\$ 4.95 R 5.95 B
Caller ID (name and number)	5.50 R 6.50 B

Caller ID (per line blocking	no charge	
Call forwarding – variable	2.00 R	3.00 B
Distinctive ringing	2.00 R	3.00 B
Second number service	3.00 R	4.00 B
Toll restriction	2.00 R	3.00 B
Non-listed number	1.00	
Non-published number	2.00	
Voice messaging – basic	5.95	
Voice messaging – premium	6.95	
Service order charge	10.00	
Line Connection charge	25.00	
Premise visit	30.00	
Service call	30.00	
One or all CCF including:	3.50	
Call Waiting, 3-way calling		
Speed Calling – 8 numbers		

RLB 1-5 To what communities would the complainants have local calling (EAS)?

Identify by name and prefix(s).

Response to RLB 1-5: Midvale believes that the local calling area should include Extended Area Service (“EAS”) to Qwest’s Prescott service area.

RLB 1-6 How would the Company’s response to Staff 1.1 and 1.2 change if provision of service were to be ordered for the entire southern half of Section 11.

Response to RLB 1-6: Midvale’s current CC&N application proposes to serve three sections, one of which is Section 11 – which is also the most developed of the three sections. If the Commission orders Qwest to serve some or all of Section 11, Midvale would have to re-evaluate, and perhaps withdraw, its application to serve the entire area. Midvale’s current information shows 107 parcel owners in Section 11, 100 parcel owners in Section 2, and 30 parcel owners in Section 35. Of those 237 parcel owners for the whole area, Midvale’s current count shows approximately 100 structures, and about 50 of those are located in Section 11.

Thus, if some or all of Section 11 is eliminated from Midvale's CC&N application, it could drastically effect the feasibility of providing service to the other two sections.

RLB 1-7 How would the Company propose differentiating the service territory of Qwest from that of Midvale should the Commission order that Qwest provided service to the complainants (or some portion of Section 11) and later approve all or part of Midvale's CC&N Expansion Application in Docket number T-02532A-03-001?

Response to RLB 1-7: Midvale proposes that whichever company is designated to serve the complainants should also serve the complete area (Sections 11, 2 and 35). An all-or-nothing stance is in the best interests of the customers in the area, as well as the most feasible financial proposal for construction of new service. In Midvale's experience, creating an island of service in the middle of another incumbent's service area invites customer service problems. There is no way that two telephone companies can offer identical services for identical prices. Further, the two companies in question here consist of a large, "price-cap" company and a small, rural independent. The different categories of companies mean that there will be differences in service that are beyond the control of each. For example, Midvale is a rural company which has relatively high in-state access rates (currently 14 cents – as set by the Arizona Corporation Commission in Order 64011). Long distance carriers make rates available to customers based on access rates, meaning that a Midvale customer will not get the same long distance rates as a Qwest customer even if they are across the street from each other. Some long

distance carriers simply do not offer their services to rural companies. Thus, this example shows that although it might appear to solve the short term problem regarding these nine residents, creating an island of small numbers of customers will create long term customer service problems.

RLB 1-8 How soon after an order requiring the Company to provide service to the complainants (or some portion of Section 11) would the Company be able to: (1) begin construction and (2) initiate service.

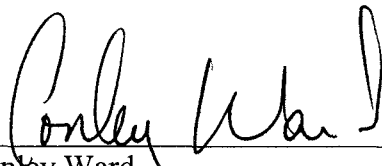
Response to RLB 1-8: Midvale experiences a dilemma when asked to respond to questions regarding timeframes because of the difficulty in accurately estimating all the variables involved in building a new exchange or new service area, and the significance to the customers who want to know when service will be available. To begin construction in Poquito Valley there are a number of regulatory, corporate and engineering variables that must fall into place. The regulatory issues involving the FCC are unpredictable, and are often predicated on having Arizona Corporation Commission approval. Indeed, this proceeding is an example of an unanticipated diversion in our ability to get approval and establish service for these residents. The corporate/financial issues assume funding the project using Rural Utility Service loans and using Midvale's in-house construction crew. Should the Corporation Commission want service established more quickly, they need only identify a source of funding that is more immediately available, and do so at a 25% higher rate allowing Midvale to contract out the construction.

Essentially, Midvale wants to emphasize that delivering service to unserved areas is a complex endeavor and each particular area often holds unique features making forecasting timeframes extremely difficult. Midvale gives its assurance that it will provide service to any areas for which it holds a CC&N for as soon as possible. Our best conservative estimate to provide service to Poquito Valley is to begin construction sometime in 2005, and perhaps sooner. The actual construction should take less than six months to complete, at which time service would then be initiated.

RLB 1-9 Are there any other material costs or issues (not addressed by the above) that the complainants should be informed of by the company that might influence a complainant's decision whether or not to order service from the Company? If yes, please explain in detail.

Response to RLB 1-9: None that Midvale is aware of.

RESPECTFULLY SUBMITTED this 28th day of May 2003.


Conley Ward
GIVENS PURSLEY LLP
Attorneys for Applicant

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 28th day of May 2003, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Arizona Corporation Commission
Richard L. Boyles
Utilities Engineering
1200 West Washington
Phoenix, Arizona 85007

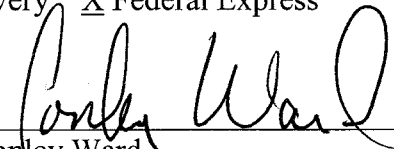
☐ U.S. Mail ☐ Fax ☐ Hand Delivery ☒ Federal Express

Arizona Corporation Commission
Del Smith
Utilities Engineering
1200 West Washington
Phoenix, Arizona 85007

☐ U.S. Mail ☐ Fax ☐ Hand Delivery ☒ Federal Express

David Ronald, Esq.
Arizona Corporation Commission
Legal Division
1200 West Washington
Phoenix, Arizona 85007

☐ U.S. Mail ☐ Fax ☐ Hand Delivery ☒ Federal Express


Conley Ward
GIVENS PURSLEY LLP
Attorneys for Applicant